

5/027/080



United States Department of the Interior

BUREAU OF LAND MANAGEMENT FILLMORE FIELD OFFICE

35 East 500 North
Fillmore, UT 84631



In Reply Refer to:
3800/3600
(U-010)
UTU-078262
UTU-079455

June 20, 2003

CERTIFIED MAIL #7001 1940 0004 6456 0427
RETURN RECEIPT REQUESTED

DAVE PETERSON
RESIDENT AGENT
DELTA MINERALS INC.
545 S OAK DR.
WOODLAND HILLS UT 84653

Dear Mr. Peterson,

Thank you for your call on June 13, 2003 to me and the subsequent conversation with Jerry Mansfield concerning Delta Mineral Inc.'s 43 CFR 3809 Notice and the 43 CFR 3600 Mineral Materials Sale. This letter is to document the details of those telephone conversations and explain the steps you need to take to remedy the situation.

On December 10, 2002, we wrote to you and explained that the reclamation bond for the operation had been submitted to the Utah State Office (USO) of the BLM for Notice UTU-078262. The sale contract, UTU-079455, was a separate action and a bond was never submitted as required by the contract. If you wish to avoid losing the personal property left on the site and suffering forfeiture of the reclamation bond you must choose which case file and regulations you wish to proceed under. Your choices are as follows:

1. You can "revive" the sales contract DMI entered into on July 17, 2001. In order to do that, you must, within 10 days of receipt of this letter, comply with the stipulation contained in our December 10, 2002 letter to you, in which you must provide an \$11,000 reclamation bond to this (Fillmore Field) office. At that time, we will authorize release of the \$11,000 reclamation bond held by the USO. The contract expires on July 17, 2003 and, according to §3610.1-7(b), the contract can be extended only if you show "in writing that the delay in removal of the mineral materials was due to causes beyond the control of and without fault or negligence of the permittee". It's doubtful that you will be able to remove all the material contracted for, so we will agree to terminate the contract when you have removed 4000 tons, the amount for which payment has already been made. By reviving the contract, you will then have until August 17, 2003 to remove all the personal property from the site, including any mineral material stockpiles for

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DIV. OF OIL, GAS & MINING

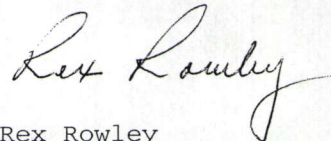
which payment has been made. Immediately after that date you must begin reclamation. Upon satisfactory completion of the reclamation, we will release the bond, unless it is determined that a portion of it should be retained until vegetation establishes on the site.

or

2. You can comply with § 3809.596(d)(1) and, within 10 days of receipt of this letter, provide a written agreement under which you will perform reclamation operations in accordance with a compliance schedule which meets the conditions of your notice and reclamation plan, and a demonstration that you have the ability to satisfy the conditions. In order to demonstrate that you have the ability to conduct the reclamation, you should have begun removal of the personal property on June 17, 2003, as you stated you would do in your June 13, 2003 phone conversations with Jerry Mansfield and me, and complete it by the time you provide the written agreement. Under this option, you may not remove any mineral material from the site. Upon satisfactory completion of the reclamation, we will release the bond, unless it is determined that a portion of it should be retained until vegetation establishes on the site.

If you do nothing, the Decisions I sent on May 14 2003, will be considered effective, and we will consider any property on the site to belong to the United States Government, and DMI will suffer forfeiture of the reclamation bond. If you have any questions, please feel free to contact Jerry Mansfield at (435) 743-3125.

Sincerely,



Rex Rowley
Field Office Manager

cc: Tom Munson, UDOGM (S/027/080)